



HELP AMERICA VOTE ACT PAYMENTS TO STATES AND INSULAR AREAS

GUIDE FOR CONTROL ASSESSMENT OF
STATE AND INSULAR AREA
ADMINISTRATION OF PAYMENTS
RECEIVED UNDER THE HELP AMERICA
VOTE ACT

*Office of Inspector General
Election Assistance Commission*

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Description	Date and Initials of Preparer	W/P Ref.
1. Preliminary work		
Complete the following steps prior to visiting the state or insular area (hereinafter referred to as states) to become familiar with the state's program and to identify any potential problems.		
a. Document the amount of Help America Vote Act (HAVA) funds disbursed to the States under Title I, Section 101; Title I, Section 102; Title II, Section 251; and Title II, Section 261.		
b. Examine the most recent financial status reports (SF-269s).		
c. Review the most recent single audit report and/or agency specific audit report.		
d. Review the state plan.		
e. Interview appropriate Commission officials to identify any issues concerning the state administration of HAVA funds.		
2. Do the state's records to account for the receipt and disbursement of HAVA payments and grants satisfy the requirements for financial management systems in 41 CFR 105-71.120?		
a. Trace financial information reported on the SF-269 to the accounting records to determine whether the amounts reported agree with the amounts recorded in the accounting records. If amounts do not agree, identify the reasons for discrepancies.		
b. If a state keeps records of its use of HAVA funds that are separate from the official accounting records of the state, determine whether the HAVA records are reconcilable to the official state records.		
c. Examine the state records of receipts and disbursements of HAVA funds and determine whether the records: <ul style="list-style-type: none"> Provide for tracing funds to a level adequate to determine that funds have not been spent in violation of requirements. Disclose accurate, current, and complete results of financial operations. Identify the source and application of funds Provide effective control and accountability for cash, property and other assets. 		

Note: Generally, a state should maintain separate accounts for Title I, Section 101 funds; Title I Section 102 funds; and Title II, Section 251 funds to record amounts received and budgeted, obligated, and expended. The amounts should also be broken down by object class (i.e. salaries, equipment, contracts, supplies, indirect costs) and be cross-referenced to supporting documentation such as payrolls, invoices, and purchase orders.

3. Do the state records of equipment purchased with HAVA funds meet the requirements of 41 CFR 105-71.132?

- a. Obtain a list of equipment purchased with HAVA funds or a list of the entity's equipment (i.e. the property records) and determine whether the records show:
 - equipment purchased with HAVA funds
 - a description of the property
 - a serial number or other identification number
 - the name of the titleholder
 - the acquisition date
 - cost of the property
 - location, use, and condition of the property
 - disposal information
- b. Determine whether a physical inventory of equipment was conducted within the last 2 years.
- c. Determine whether the results of the inventory were reconciled with the property records?
- d. Select a few major equipment purchases and determine whether the items were added to the property records.

4. Do purchases made with HAVA funds comply with the procurement requirements in 41 CFR 105-71.136?

- a. Compare the state's procurement procedures with the procurement requirements in 41 CFR 105-71.136 and note any major differences. Determine whether the differences create any barriers to competition.
- b. Determine whether the state has a written code of conduct that prohibits employees who award or administer contracts from having a conflict of interest.
- c. Small Purchases (e.g., less than \$25,000 - obtain from the state its small purchase limit):
 - Scan the purchases recorded in the accounting records and identify any multiple awards to the same vendor for similar services or products. If

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<p>any such awards are identified, ascertain the basis for the awards and determine whether the state made the awards to avoid using competitive bidding/competitive proposals.</p>		
<ul style="list-style-type: none"> Select five small purchases and determine whether quotes were obtained from multiple sources and the purchase was from the vendor who offered the lowest quote. 		
<p>d. Large Contracts (e.g., more than \$25,000 each). Select 3 - 5 contracts and determine whether the state:</p>		
<ul style="list-style-type: none"> Maintained a contract file that documents a history of the procurement. The file should document the rationale for type of procurement (competitive bidding, competitive proposals, or sole source), selection of contract type (i.e. fixed price or cost reimbursable), basis for contractor selection, and basis for contract price. 		
<ul style="list-style-type: none"> Awarded the contract using competitive procedures. 		
<ul style="list-style-type: none"> Selected the lowest responsible bidder. 		
<ul style="list-style-type: none"> If the contract was awarded on a sole source basis, review the justification and determine whether it sufficiently supports a lack of competition and the selection of the vendor. 		
<p>5. Does the state's support for salaries and wages meet the requirements of OMB Circular A-87, Attachment B, part 8 h?</p>		
<p>a. Select at least two payrolls, including one during the latter part of December. Identify employees who charged 100 percent of their time to HAVA-related activities and who charged less than 100 percent.</p>		
<p>b. For employees who charged 100 percent:</p> <ul style="list-style-type: none"> Determine whether the position description supports 100 percent HAVA-related activities. Determine whether the state certified on a semiannual basis (signed by the employee or a supervisor) that the employee is spending 100 percent of his/her time on HAVA-related activities. 		
<p>c. For employees who charge less than 100 percent:</p> <ul style="list-style-type: none"> Determine whether the employees completed personnel activity reports to support their allocation of time to HAVA-related activities. Scan charges for annual leave and fringe benefits and determine whether the charges are consistent with percentage of time supported and allocated to HAVA-related activities. 		
<p>6. Did the state recover indirect costs in accordance with OMB Circular A-87?</p>		

<p>a. Review the SF-269 and determine whether the state used HAVA funds to pay for indirect costs.</p>		
<p>b. If the state used HAVA funds for indirect costs:</p> <ul style="list-style-type: none"> ▪ Does the state agency have an indirect cost rate approved by its cognizant Federal agency? ▪ If the state agency does not have an approved indirect cost rate, conclude this portion of the review as indirect cost may not be recovered without an approved indirect cost rate. ▪ If the agency does have a properly approved indirect cost rate, obtain a copy of the rate agreement. Determine whether the rate has been applied to the proper period and direct cost base. (The rate agreement will identify the fiscal period and the direct cost base, such as total direct salaries and wages or total direct costs less equipment and pass-through funds, to which the rate can be applied). 		
<p>7. Did the state implement adequate procedures to ensure that funds passed on to local jurisdictions of the state were used only for authorized purposes?</p>		
<p>a. Assess the adequacy of the procedures for awarding and monitoring of grants/payments to political subdivisions of the state. Determine whether the procedures provide sufficient steps to ensure that sub recipients comply with Federal administrative requirements. Specifically, does the state:</p>		
<ul style="list-style-type: none"> ▪ Execute written agreements with sub recipient that incorporate the appropriate federal administrative requirements for accounting, financial reporting, and auditing. ▪ Require sub recipients to submit timely financial and audits reports. ▪ Review financial and audit reports and take any necessary corrective action. ▪ Conduct any oversight/monitoring visits to sub recipients to determine compliance with sub recipient agreements. ▪ Maintain a file which documents the results of its oversight such as records of monitoring visits, meetings/discussions, state approvals of large procurements, and other correspondence with the sub recipient. 		
<p>b. Review a sample of sub recipient files and determine whether there is evidence that the state has effectively implemented its procedures.</p>		
<p>8. Did the state establish and maintain an election fund in accordance with Section 254 (b)(1) of HAVA?</p>		
<p>a. Obtain a source and use of funds listing/report for the election fund. Based</p>		

on the report:

- Verify that all requirements payments and associated interest have been deposited into the fund.
- Verify that state appropriation deposited into the fund and subsequent expenditures are sufficient to meet the 5 percent matching requirement.
- If the state meets its matching requirement in whole or part with funds from counties, verify that the state has executed written agreements with the counties which specifies the amount of the county match and reserves the funds for HAVA-related activities.
- Identify any appropriations, allotments, allocations, or expenditures of funds which do not appear related to meeting the requirements of Title III of HAVA.

9. Is the expenditure of state funds for election-related activities at least equal to the state's level of expenditures for the fiscal year ending prior to November 2000, as required by Section 254 (a)(7) of HAVA?

- a. Document the amount of state expenditures for election-related activities for its base period, which will usually be the fiscal year ending June 30, 2000.
- b. Confirm that the expenditure of state funds for the year(s) covered by the review for program-related activities, net of the five percent match, are at least equal to the amount identified in step (a).

10. Brief state officials on the results of the review.

11. Prepare a written report summarizing the results of the review.
